



INTERNATIONAL ATLAS
Development & Exploration Limited



Report to the Shareholders
For the year ending Dec. 31, 1963



Mr. Paul Lubin, Dr. Max Schachter, Mr. Robert Brock, Directors of International Atlas and Mr. Maurice Rosen, Director of Rosa Marina Estates Limited discussing itinerary of charter flight at Del Levante Hotel near Rosa Marina Estates in Italy.



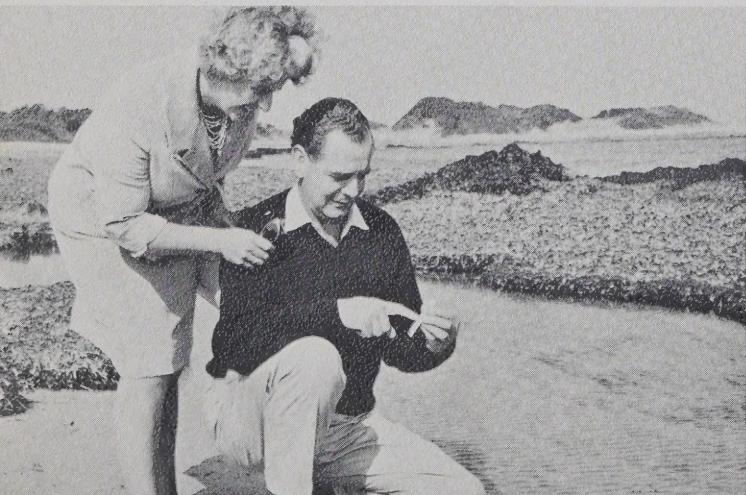
Mr. Paul Lubin, Director and European Salesmanager and Dr. Max Schachter, President of International Atlas during press conference in Bari, Italy.



English clients leaving the charter plane at Bari, Italy for inspection tours of Rosa Marina Estates



English clients on Rosa Marina Estate Beach



Mr. and Mrs. Foster, clients from England, inspecting the lot they have purchased.



English clients during lunch at the Del Levante Hotel near Rosa Marina Estates

To the Shareholders of
INTERNATIONAL ATLAS DEVELOPMENT & EXPLORATION LIMITED

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THIS IS A HAPPY REPORT !

As you know, in June of 1963, your Company turned its full attention to the business of land development on the East coast of Italy. It was a late entry into this field and yet — FOR THE FIRST TIME SINCE INCORPORATION ! — a really respectable annual net profit of \$80,932 was earned. Here is how it all came about:-

In June of 1963 your former Board of Directors, headed by former President Mr. E. F. Carr, came to the conclusion that practically all of the capital of the Company had been lost through ventures into the mining field, which proved to be unsuccessful. The former Board therefore decided to pass a by-law, reorganizing the capital of the Company and changing its name to INTERNATIONAL ATLAS DEVELOPMENT & EXPLORATION LIMITED, and to enter the promising field of land development.

To this end, on June 11th, 1963, the decision was made to acquire all outstanding common shares of INTER-MARINA ANLAGEN A.G., a company incorporated pursuant to the laws of Switzerland. These changes, together with the above acquisition, were approved by you at a special general meeting of the shareholders on June 25th, 1963, at the Mount Royal Hotel, Montreal, P.Q.

At this meeting you also elected a new Board of Directors, consisting mainly of men who had been managing the newly acquired Swiss subsidiary.

The 'old' Company, Atlas Sulphur & Iron Company Limited, before reorganization, showed a deficit of \$234,332. To this an amount of \$332,047 had to be added, resulting from written-off expenses in connection with the mining venture. The total deficit of Atlas Sulphur & Iron Company Limited was \$56,379.

Your new Board of Directors, therefore, took over a Company which was totally without assets, but only had short term liabilities of about \$35,000.

Your new Board of Directors went into action immediately and, on June 27th, 1963, they were able to arrange for an Underwriting whereby 50,000 shares of the reorganized Company were sold at \$1.10 per share. This Underwriting enabled the Company to repay the old debts and to cover current expenses.

In the course of reorganizing the activities of the Swiss subsidiary, Inter-Marina Anlagen A.G. and its sales organization, changes were made which led to the closing of the Rome office and the resignation of two officers and directors. New accounting procedures and methods were instituted, enabling your Company to control the activities of its subsidiary to a far better degree.

The enclosed Consolidated Financial Statement for the year ending December 31st, 1963, does not reflect the result of these changes, but the 1964 statement will show the savings achieved in this manner.

The net profit of \$80,932 for 1963 will be hailed by you as a great success for your new Board of Directors, particularly if you will consider the short time the new Board had at its disposal, and in view of the fact that there were various unexpected expenses which were very heavy indeed, such as the dollar premium incurred in England which alone amounted to over \$15,000.

Today, June 30th, 1964, your Directors can report to you that the gross sales for the first six months of 1964 are approximately \$345,000 — a most significant improvement over 1963 when sales of \$446,000 were recorded for a period of about 11 months.

The Swiss subsidiary, through the Italian subsidiary INTER-ATLAS S.p.A., is now building and selling homes (villas) on its Rosa Marina Estate in Italy. Three villas had been completed by the beginning of this year and a number of homes are under construction. The sale of villas commenced in May and is progressing satisfactorily. The construction of services, roads, water, electricity, are also underway at Rosa Marina Estate.

Your Directors are currently negotiating the purchase of a potential 'Motel-Boatel' operation in Ontario, Canada. Negotiations have reached an advanced stage and the conclusion of an agreement is expected some time in July.

It is the intention of your Board of Directors to broaden and diversify the activities of your Company through profitable acquisitions of existing businesses or real estate to be developed, both, in Europe and North America. Your Board of Directors anticipates your interest and will keep you in touch with future development.

Your Board of Directors is happy to give you good news ! But we are not contented — we are looking forward to a bright and profitable future.

Dr. MAX SCHACHTER
President

TORONTO, JUNE 30th, 1964.

INTERNATIONAL
Development & Exploration Limited

(Incorporated under the laws of England)

CONSOLIDATED
AS AT DECEMBER 31, 1963

ASSETS

Cash	\$ 24,992
Accounts receivable - re sale of lots (\$170,619 due in 1964, balance from 1965 - 1967)	391,089
- sundry	13,026
Investment in and advances to German subsidiary (the German accounts have not been consolidated)	12,196
Prepaid expenses	15,164
Real estate	
— 636 lots (including development costs) and undivided commercial land in Rosa Marina, near Ostuni, Italy	\$674,210
— construction and development costs re villas under construction	<u>13,757</u>
	687,967
Office furniture and equipment (at cost less depreciation of \$816)	6,078
Incorporation, reorganization and financing expenses	18,463
Excess of cost over book value of subsidiary	<u>355,475</u>
	<u>\$1,524,450</u>

June 26, 1964.

AUDITOR

To the shareholders of
International Atlas Development & Exploration Limited

We have examined the consolidated Balance Sheet of International Atlas Development & Exploration Limited as at December 31, 1963 and the consolidated statements of Contributed Surplus, Deficit and Operations for the year then ended. As to the parent company and Swiss subsidiary (see note 9), our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have received an audited report of English chartered accountants who examined the financial statements of the English subsidiary, which acts as sales agent and administers the accounts receivable for

N A L A T L A S
ploration Limited
f the Province of Quebec)

BALANCE SHEET
DECEMBER 31, 1963

LIABILITIES

CURRENT LIABILITIES

Bank loans	\$ 10,300
Accounts payable	<u>19,816</u>
	30,116

DEFERRED LIABILITIES

Balance owing on land purchases (secured) non interest bearing, due June 30, 1965, (206,624,680 lire) (note 4)	\$ 359,347
Loans payable, (to shareholders) non-interest bearing	<u>36,900</u>
	396,247

DEPOSITS

From prospective purchasers	<u>8,796</u>
	435,159

TOTAL LIABILITIES

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 2)

Authorized 5,000,000 shares	Issued and fully paid 1,216,956 shares, par value \$1 each	1,216,956
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CONTRIBUTED SURPLUS

354,949
<u>1,571,905</u>

DEFICIT

482,614

TOTAL SHAREHOLDER'S EQUITY	<u>1,089,291</u>
	<u><u>\$1,524,450</u></u>

Approved on behalf of the Board of Directors

Dr. MAX SCHACHTER
Director

R. G. H. ALEXANDER, Q.C.
Director

REPORT

the Swiss subsidiary. The accounts of the German subsidiary have not been consolidated, as the Company was operating for only a short period prior to December 31, 1963. The investment in shares and advances to this Company have been shown at cost on the Balance Sheet.

In our opinion, based upon such examinations and upon such reports and statements, the accompanying Consolidated Balance Sheet and related consolidated statements of Contributed Surplus, Deficit and Operations present fairly the financial position of the Company as at December 31, 1963 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles.

Horwath & Horwath, G. C. Smith & Co.

Chartered Accountants

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1963

Surplus arising on reorganization of capital (note 2)	
2,729,340 shares previously issued for	\$531,905
181,956 shares now reflected at par	181,956
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349,949	
Premium on issue of 50,000 shares (note 2c)	5,000
Balance, December 31, 1963	\$354,949
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CONSOLIDATED STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1963

Balance, January 1, 1963 (per statement of Atlas Sulphur and Iron Company Limited)	\$234,332
Add: Exploration and development, including head office and administrative expenses written off	332,047
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Less: Net profit	\$80,932
Cancellation of debt	2,833
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	83,765
Balance, December 31, 1963	\$482,614
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CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1963 (NOTE 3)

SALES — 178 building lots	\$ 446,185
COST OF SALES	
Land cost	\$ 169,472
Subdividing, legal and transfer costs	22,368
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	191,840
GROSS PROFIT	254,345
EXPENSES	
Administrative charges including advertising, salaries, travel, promotion and other costs	149,238
Bank charges and dollar premium incurred in transferring funds out of England	16,375
Directors' fees	7,800
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	173,413
NET PROFIT	\$ 80,932
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1963

NOTE 1 CHANGE OF NAME

The name of the Company was changed from Atlas Sulphur and Iron Limited to International Development & Exploration Limited by supplementary letters patent issued on June 26, 1963.

NOTE 2 CHANGES IN CAPITAL STOCK

- a) The capital stock of the Company was consolidated on the basis of one new share for each fifteen shares previously issued by cancelling pro rata 2,729,340 shares, thereby reducing the number of issued shares to 181,956. The authorized capital was increased to 5,000,000 shares.
- b) By agreement dated June 11, 1963, the Company purchased all the issued shares (100 shares, par value 500 Swiss francs each) of the capital stock of Inter-Marina Anlagen A.G., a Swiss corporation, for 985,000 shares of the Company issued at par of \$1 each as fully paid and non-assessable.
- c) The Company issued 50,000 shares at \$1.10 per share for cash.

The total issued capital stock is comprised of the number of shares as set out above in:

2 (a)	181,956
(b)	985,000
(c)	50,000
 TOTAL	 <hr/>
	1,216,956
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NOTE 3 STATEMENT OF OPERATIONS

The accompanying Consolidated Statement of Operations includes the operations of Inter-Marina Anlagen A.G. from January 29, 1963.

NOTE 4 BALANCE OWING RE LAND

As lots are sold, partial discharges are required on the balance owing for land. These payments are required at the rate of 170 Italian lire per square metre with a minimum of \$295 (170,000 lire) per lot sold.

NOTE 5 ADDITIONAL LIABILITY

The agreement with the previous owner of the land provides, that if a building is erected on a lot an additional payment of \$260 (150,000 lire) is required.

NOTE 6 INCOME TAXES

No provision has been made for Swiss taxes. The liability is not considered significant. There would be no Canadian income taxes payable on receipt of dividends from the wholly-owned Swiss subsidiary.

NOTE 7 DOLLAR PREMIUM

Bank charges and dollar premium expense consists mainly of the heavy expense incurred in transferring funds out of England due to the currency restrictions.

NOTE 8 RATES OF EXCHANGE

Assets and liabilities of the foreign subsidiaries were converted to Canadian dollars at the following rates of exchange:

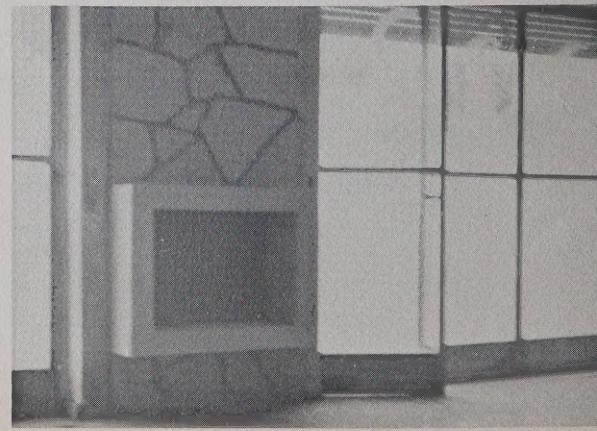
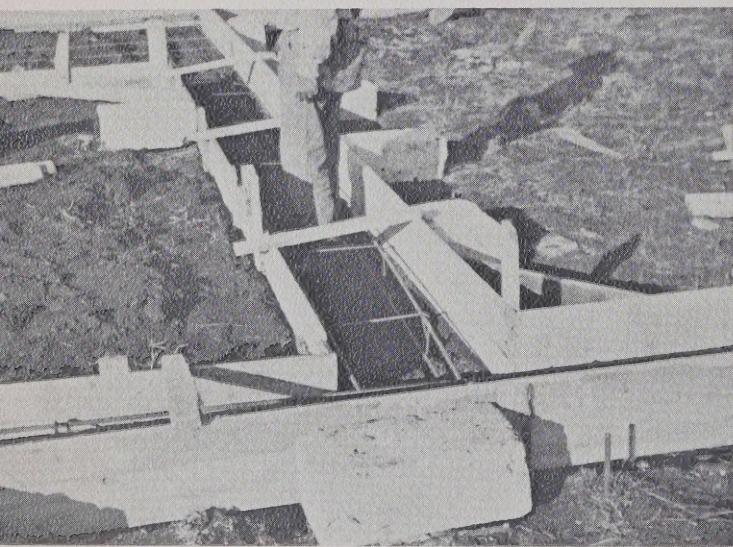
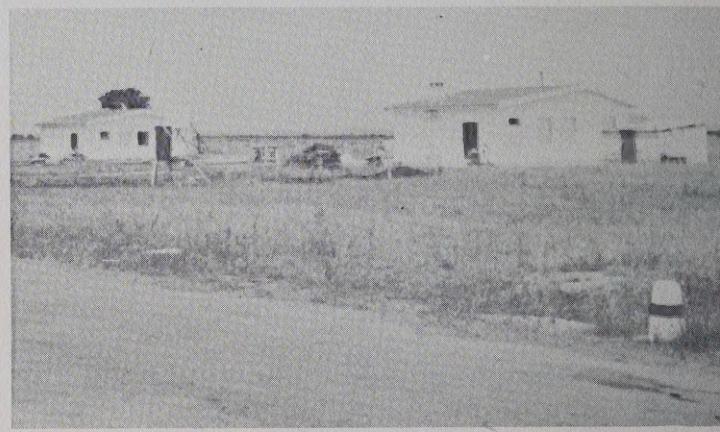
575	Italian lire	\$1	1	Pound sterling	\$3
4	Swiss francs	1	.92	U.S. dollar	1

NOTE 9 SWISS SUBSIDIARY

The activities of the Swiss subsidiary include the acquisition and development of land in Italy. The accounting for the Swiss subsidiary's activities in Italy was maintained in Rome until the Company was acquired by International Atlas Development & Exploration Limited on June 11, 1963. After acquisition the parent company's directors instituted new accounting procedures and methods. After adoption of these changes the Swiss subsidiary's accounting records were maintained in conformance with generally accepted Canadian accounting principles. The operations in Italy, prior to June 11, 1963, form a minor part of the Company's entire international operations.



An artist's impression of Rosa Marina Estates



Construction at Rosa Marina Estates